

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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<b>In the Matter of the Application of</b>	)	<b>Docket No. 02-057-02</b>
<b>Questar Gas Company for an</b>	)	<b>REBUTTAL TESTIMONY</b>
<b>Increase in Rates and Charges</b>	)	<b>OF KELLY A. FRANCONI</b>
	)	<b>FOR THE COMMITTEE</b>
	)	<b>OF CONSUMER SERVICES</b>

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**4 October, 2002**

1 Q: **PLEASE STATE YOUR NAME, WHO YOU REPRESENT AND YOUR**  
2 **CURRENT JOB POSITION FOR THE RECORD.**

3 A: My name is Kelly A. Francone. I am presently employed as a Utility  
4 Analyst with the Committee of Consumer Services (Committee). My  
5 education and professional experience are attached as Appendix I.

6

7 Q: **HAVE YOU TESTIFIED PREVIOUSLY IN THIS CASE?**

8 A: Yes. I filed direct testimony on Questar Gas Company's (Questar Gas)  
9 monthly basic service fee issue.

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11 Q: **PLEASE STATE THE PURPOSE OF YOUR REBUTTAL TESTIMONY.**

12 A: The purpose of my testimony is to provide the Committee's response to  
13 the proposal by the Utah Ratepayers Alliance (URA) to increase the  
14 weatherization funding.

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16 Q: **WHAT SPECIFICALLY DID THE URA RECOMMEND?**

17 A: In testimony filed collectively by Salt Lake Community Action Program,  
18 Crossroads Urban Center and Utah Legislative Watch, the URA  
19 recommends that the weatherization program's current funding be  
20 increased from \$250,000 to \$500,000.

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2 Q: **PLEASE EXPLAIN THE COMMITTEE'S RECOMMENDATION.**

3 A: The Committee recommends that the funding for the program be  
4 increased by \$250,000 as proposed by the URA.

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6 Q: **WHY DOES THE COMMITTEE RECOMMEND THE FUNDING BE  
7 INCREASED?**

8 A: The Committee believes the funding for the program should be increased  
9 for several reasons. URA Witness Michael Johnson stated in his  
10 testimony that an additional \$200,000 is needed to meet all the current  
11 and near-future needs of the Questar Gas customers served. He also  
12 stated that an additional \$50,000 is needed for furnace duct repairs,  
13 natural gas piping, and other measures.

14 Currently, the Department of Energy (DOE) funding is providing an  
15 average of \$2,568 per home weatherized. This is insufficient to address  
16 all of the desirable gas appliance, furnace duct and general weatherization  
17 issues. The DOE is also requiring additional procedures in homes without  
18 significantly increasing the average funding per home. This puts further  
19 strain on a program that already has insufficient funds to complete  
20 weatherization needs in each home. The additional \$250,000 would help  
21 ensure each home receives the type of work that is essential for an  
22 effective outcome. Also, the funding would enable the DCED to meet all  
23 DOE requirements for continued federal funding.

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2 Q: **ARE THERE OTHER FACTORS THAT SUPPORT INCREASING THE**  
3 **FUNDING?**

4 A: Yes. The current program has been found by the Division of Public  
5 Utilities (Division) to be administered efficiently and to be cost effective. In  
6 a report filed with the Commission in April 2002, the Division  
7 recommended that the weatherization program continue.

8

9 Q: **WILL INCREASED FUNDING ALLOW THE PROGRAM TO REACH**  
10 **MORE CUSTOMERS?**

11 A: Yes. In his testimony Mr. Johnson stated that in 2001 over 600  
12 residences were served. He indicated that additional funding would allow  
13 DCED to weatherize more homes.

14

15 Q: **ARE THERE OTHER FACTORS THAT INDICATE MORE CUSTOMERS**  
16 **NEED TO BE REACHED?**

17 A: Yes. The economy has taken a downturn in Utah. A record number of  
18 Utahns have filed for bankruptcy this past year and unemployment has  
19 increased by almost 23 percent over that of 2001. In the weakened  
20 economy more low-income people will become jobless making it less likely  
21 they would be able to engage in any energy efficiency efforts at home, or  
22 improve any heating inadequacies that may be present. It will also be less  
23 likely that such customers will be able to meet their energy costs.

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2 Q: **WHAT ARE THE BENEFITS TO THE ELIGIBLE CUSTOMERS?**

3 A: Customers who get their homes weatherized benefit in several ways. One  
4 major element is the reduction in the usage of energy, and therefore a  
5 reduced utility cost to the customer. Utah statewide estimates indicate  
6 that weatherized homes save \$250 to \$300 per year in energy costs. A  
7 factor equally important is the increased safety in the homes. Many of the  
8 residences have very unsafe living conditions due to cracked furnaces and  
9 high carbon monoxide levels. The residents often suffer from increased  
10 illness and poor quality of life. These conditions are especially dangerous  
11 for the elderly, infirm, or young children.

12 Another factor is simply the improved quality of life the program  
13 provides. Customers who have homes that are weatherized enjoy safer  
14 living conditions, are less likely to become ill, and are able to keep the  
15 temperature at a comfortable level. In addition, money that does not have  
16 to pay for energy can be spent on other necessities like food or  
17 medications. As illustrated by the anecdotal letters included in Mr.  
18 Johnson's testimony, customers are very grateful for the program and the  
19 improved living conditions that result from it.

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21 Q: **WHAT BENEFITS ARE REALIZED BY ALL QUESTAR GAS**  
22 **CUSTOMERS WHEN A HOME IS WEATHERIZED?**

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2 A: The weatherization program not only improves the lives of eligible  
3 customers, but provides benefits to all customers as a group. Reduced  
4 energy usage benefits all customers in that less natural gas is consumed.  
5 The Division noted in its report to the Commission that the program saved  
6 20,123 Dth in its first year. This is enough gas to serve 192 residences.  
7 In addition, each decatherm by which total consumption is reduced is a  
8 decatherm that Questar gas does not have to buy at the most expensive  
9 price it pays to acquire supplies. That means that total gas costs in the  
10 pass-through account are reduced at the highest possible rate. So the  
11 benefit to all customers is above the average cost of gas.

12 The reduced energy usage also means less environmental impact.  
13 The Division quantified in its report that the reduction of over 20,000 Dths  
14 meant a significant reduction of several air pollutants, including carbon  
15 dioxide at a level of 2.3 million pounds.

16 Other benefits include reduced arrearages, bad debt, and a  
17 reduced need for people to go on public assistance, which benefits all  
18 Utah taxpayers as shelters and other services are less strained.  
19 Weatherized homes also improve the housing stock in a community,  
20 which sustains property values.

21 Finally, the weatherization funds are spent in the community to  
22 purchase supplies and labor. The DOE estimates that each \$100,000 of  
23 investment in weatherization creates more than five jobs.

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2 Q: **HOW SHOULD THE INCREASED FUNDS BE RECOVERED FROM**  
3 **CUSTOMERS?**

4 A: The Committee believes the additional funds should continue to be  
5 recovered in Questar Gas' base rates and allocated among rate classes  
6 consistent with the current spread of the original \$250,000 (ie allocator  
7 #9). This does not place an undue burden on any class; in fact, the  
8 residential class, which picks up the majority of the costs, will pay less  
9 than an additional three cents a month.

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11 Q: **DOES THIS CONCLUDE YOUR TESTIMONY.**

12 A: Yes, it does.

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